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Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

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EUROPE

Date: **15 MAR 1978**

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1. UNITED KINGDOM: General election forecast for late 1949--
US Embassy London predicts that the UK Labor Government will call the next general election (which must be held by July 1950) sometime following May 1949, possibly between June and December when the Embassy believes that domestic economic conditions will be most favorable to Labor. Leaders of both Parties believe that, while Labor has lost popular support, there is no strong trend to the Conservatives. The Embassy considers that an election today would return a Labor majority but adds that the Conservative Party machine is now in excellent condition.

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2. FRANCE: Views on Moscow talks--US Ambassador Caffery reports that officials in the French Foreign Office are currently confident that the Moscow talks will result in an accord, but doubt that an agreement for four-power control of Germany will follow. According to Caffery, the French Foreign Office believes that the USSR would be satisfied to reach an agreement on the basis of a Germany divided in two parts. The Foreign Office, therefore, considers that any future four-power conference should not be allowed to break down if no agreement is in sight but that the western powers should instead try to bring about an agreement for maintaining orderly relations between eastern and western Germany until an arrangement embracing all Germany appears feasible. The Foreign Office does not consider that such a limited agreement would exclude the western powers from Berlin, but believes that they would remain in the city with powers restricted to their own sectors and without any instrument of four-power control.

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NEAR EAST-AFRICA

3. PALESTINE: US favors return of some Arab refugees--The Department of State has informed the US delegation to the UN of its belief that a substantial number of Arab refugees could

State Department review completed

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be permitted to return gradually to their homes, under the supervision of the UN Mediator, without prejudicing the maintenance of Israel's internal security. Although the Department considers that an over-all solution of the refugee problem must be sought as an intrinsic part of a final settlement of the entire Palestine issue, it believes that the increasingly critical nature of the refugee situation makes some prior repatriation of refugees essential. The Department adds that Israeli assistance in alleviating the refugee situation would facilitate a peaceful solution of the Palestine problem as a whole, while Jewish refusal to accept any refugees might adversely affect "the 700,000 Jews permanently residing in the Arab states."

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